

(Security Classification)

FOREIGN SERVICE DESPATCH

FROM : Amembassy BRUSSELS STAT 101
 TO : THE DEPARTMENT OF STATE, WASHINGTON.

August 4, 1960

DATE

REF : Circular 111, July 20, 1960.

50 For Dept. Use Only	ACTION H-21	DEPT. R M/R-1 REP-1 IRC-7 EUR-5 E-7 U/EC-3
	REC'D 8-13	OTHER CIA-10 COM-12 TR-3 FRB-3 TAR 2 AMB-4

SUBJECT: CODEL BLACK.

Mr. Black processed to Brussels from London on Sabena flight No. SN 608, arriving at the Brussels airport at 11:30 am on July 28, 1960, where he was met by the Commercial Attache and conducted to his hotel, and thence to lunch given by the Commercial Attache at which an Economic officer participated. Following the luncheon, Mr. Black had a conference with the Economic Counselor of the U.S. Mission to the European Communities, after which he returned to the Embassy for a briefing by the Economic Counselor of the Embassy. The following day, July 29, Mr. Black was accompanied by the Commercial Attache to a meeting with the Inspector General of the Ministry of Economic Affairs, Mr. Buyse. Mr. Buyse spoke at some length on the problem in which Mr. Black had expressed particular interest: i.e., steps being taken by the Belgian Government to prepare Belgian industry for the increased competition developing as a result of Belgian membership in the European Economic Community. Mr. Buyse said that his Government's program consisted of: (1) measures passed during the August 1959 session of Parliament to provide tax incentives and subsidize interest rates for new investments. According to Mr. Buyse, this legislation has had a very salutary effect in bringing new industries to Belgium and in increasing the efficiency of established enterprises; (2) encouragement of increased productivity which Mr. Buyse believes will work in favor of the Belgian industry within the framework of the EEC. Productivity has not ceased to rise while at the same time labor costs in other countries of the Community are increasing. Productivity in Belgium is assured by the very competitive forces of the Belgian market, according to Mr. Buyse.

His belief in the efficiency of Belgian industry and labor, he said, is confirmed by the trend of Belgian exports to the Netherlands since 1950, at which time agreement was made under the Benelux Treaty to open the Belgian market to Netherlands' products. The following figures were presented by Mr. Buyse to support his views.

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25 YEAR RE-REVIEW

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 From Brussels

BELGIAN EXPORTS TO NETHERLANDS
Benelux Treaty effective in 1950

Millions of Dollars

1950	Machines and electric equipment	27.
	Transport material including automobiles	5.4
1951	Machines and electric equipment	36.1
	Transport material including automobiles	8.0
1952	Machines and electric equipment	33.4
	Transport material including automobiles	7.8
1953	Machines and electric equipment	35.1
	Transport material including automobiles	13.9
1954	Machines and electric equipment	42.5
	Transport materials including automobiles	19.6
1955	Machines and electric equipment	53.4
	Transport materials including automobiles	35.8
1956	Machines and electric equipment	67.2
	Transport materials including automobiles	62.5

* * * * *

Belgium's experience with Benelux has reassured the Ministry of Economic Affairs as to Belgium's ability to cope with the increased competition anticipated within the framework of the European Economic Community.

The meeting with Mr. Buyse was followed by a brief talk with Mr. Holtkamp, Director of the Office for Investment in the Ministry of Economic Affairs. Mr. Holtkamp discussed the Belgian Government program for attracting American investment to Belgium and expressed his satisfaction with the results achieved, which in his opinion, would provide Belgium with new and more competitive industries as well as new export products. This, in his estimation, will replace the inevitable loss of traditional exports related to the decline of the Belgian coal industry. He also assured us that Belgian exports to the Congo amounted to only 2 per cent and the loss of the Congo trade would have only a minimum effect on the Belgian economy.

Following this meeting at the Ministry of Economic Affairs, Mr. Black and the Commercial Attache had lunch with Mr. Haulot, Commissioner for tourism in the Belgian Government. Mr. Haulot provided some advice as to how the United States Government should proceed in developing European interest in "Travel to U.S."

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From Brussels

Mr. Black expressed the view that his committee report would make a strong recommendation for Congressional action designed to provide funds and organization to promote tourism in the U.S. This would at the very least, he said, call for the establishment of a U.S. Government tourism office in Brussels under the general guidance of the Commercial Attache.

Following this luncheon there was a meeting with Mr. Delvaux, Economist of the Banque de la Société Générale, who provided Mr. Black with some statistical information and data concerned with the Belgian Government's program for economic growth.

The final meeting of the day occurred in the office of the Commercial Attache and was attended by Mr. Van Luppen, Director for Europe of Ford International; Mr. Mangold, Director General of Caltex of Belgium; and, Mr. Rogers of Libby McNeill and Libby of Belgium. All of these gentlemen expressed their views to Mr. Black regarding the future of American business within the Common Market and particularly the future for US exports to Belgium when the higher Common Market tariffs will be in effect.

According to Mr. Van Luppen, it is probable that sales of assembled US automobiles in Belgium will not decline any further provided, of course, that we will be able to negotiate a reduction in the Common Market tariff of 20 per cent of the newly agreed EEC rates and that a 10 percentage point differential will be maintained between complete cars and parts for assembly.

Mr. Rogers, on the other hand, feels quite pessimistic about the future of American firms importing canned fruit and vegetables. Caltex is uncertain because of the undecided Common Market tariffs applicable to petroleum products, but in spite of this considers that the long term outlook contains some prospect for growth of sales in the Belgian market.

Mr. Black had no further need for the Commercial Attache after this meeting but decided to remain one more day for sight seeing. He left on July 31, 1960, flight No. SN 678, 10:05 for Dusseldorf/Bonn.

For the Ambassador:

Marshall M. Smith
Commercial Attache

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